

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
**November 17, 2011**

**Draft Minutes. Minutes are not approved until the next Board meeting.**

**Thursday, November 17, 2011**

**1. General**

- A. Call to Order and Roll Call.** The Nebraska Board of Public Accountancy (Board) was called to order at 8:40 a.m. on Thursday, November 17, 2011 with Chair Doug Skiles, presiding. The roll was called with the following members present: Doug Skiles, Michael Wassinger, Jim Rieker, Bernie Gutschewski, Kate King Wu, Tom Obrist, Richard Zacharia, and Lori Druse. Also present were Executive Director Dan Sweetwood, Staff members Kelly Ebert and Jo Lowe. The meeting was held at the Board Office, 140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska. Chair Skiles welcomed new Board member Lori Druse to the Board. Chair Skiles noted the location of the notebook containing the Public Open Meeting Act, the statutes were posted on the wall, and asked if anyone present needed an agenda or had any questions regarding the law. Visitors present were Ken Brauer, Nebraska Society of Independent Accountants, and Dan Vodvarka, Nebraska Society of CPAs.
- B. Approval of Meeting Agenda for November 17, 2011.** Moved by King Wu, seconded by Gutschewski to approve the amended agenda for the November 17, 2011 meeting. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #1 carried. Moved by Zacharia, seconded by King Wu to move Agenda item 10 D. Public Hearing regarding Kevin Wiederin to the January 4, 2012 Board meeting. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #5 carried.
- C. Approval of Minutes from September 22, 2011.** Moved by King Wu, seconded by Obrist, to approve the Board minutes from the September 22, 2011 meeting. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, and Zacharia voted aye. Member Druse abstained. Motion #6 carried.

**2. Public Comment Period (15 minute period)**

Dan Vodvarka, President, Nebraska Society of CPAs was present to update the Board on several items. He reported that Society sponsored CPE courses are nearing completion for 2011. The Society is also monitoring proposed changes to the unauthorized practice of law rules as proposed by the Nebraska Supreme Court especially those parts that may affect CPAs. He also indicated that the Experience Work Group (EWG) has a draft of potential statute changes and the Society continues to participate on the Board's committee. He invited Board members to the Senator's reception the evening of January 3, 2012.

Ken Brauer, Nebraska Society of Independent Accountants (NSIA). He gave a brief summary of the NSIA, which represents non-licensed accountants to practice with prudence.

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
November 17, 2011

**9:00 Agenda item 5 A. Public Hearing regarding Regan Else.** Hearing Officer Jim Titus, opened the hearing at 9:10 am. Regan Else was present and represented by attorney Clarence Mock. The Board was represented by Board attorney Robert Gruit. The hearing concluded at 11:26 am.

**Closed Session**

**Closed Session.** Moved by Zacharia, seconded by Wassinger, that the Board go into closed session at 11:30 a.m., on Thursday, November 17, 2011 for the purpose of discussing enforcement matters. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #3 carried. Chair Skiles restated that the purpose for the closed session was to discuss enforcement matters.

**Return to Open Session.** Moved by Rieker, seconded by Druse, that the Board return to open session at 12:57 p.m., on Thursday, November 17, 2011. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #4 carried.

**3. Consent Agenda**

- A. Published Notice of Meeting.** Moved by Zacharia, seconded by King Wu, to approve the consent agenda. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #7 carried.
- B. Approval of Disbursements for September and October, 2011.** Disbursements were reviewed by Member Rieker who provided explanations for atypical expenses. He pointed out the Board is paying for connection services to the Board's server from outside computers and requested staff to check on other options that could be of less cost. ED Sweetwood indicated the original agreement was to provide connection for staff members and IMS staff so they would not have to come to the Board office. Other options were mentioned by Board members. A review will be conducted. He also pointed out substantial legal fees were incurred in September and August based on the Board's enforcement hearing at the July meeting.
- C. Review of Board Budget Status Report.** The current budget status report was provided for review.
- D. Office Licensing Report.** The Office Licensing Report was provided. Members questioned the content of the data after presentation. The content will be reviewed for further clarification of data.

**4. Report of the Chair**

- A. Report of the Chair.** Chair Skiles gave the report. Former Board Member Ms. Kathy Smith requested a letter of support for her nomination as NASBA Vice Chair. Ms. Smith has completed her term on the NASBA Board of Directors. Ms. Smith has served NASBA in various roles over the last several years including chairing several education initiatives. Moved by King Wu, seconded by Obrist, that the Board submit a

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
**November 17, 2011**

letter of support for the nomination of Kathy Smith for NASBA Vice Chair. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #8 carried. It was also noted that Chair Skiles will attempt to become the Central Region Director for NASBA next year. All pledged to assist Mr. Skiles in this endeavor. Moved by Zacharia, seconded by Obrist, to submit a letter of support for nomination of Chair Doug Skiles as NASBA Central Regional Director. On a roll call vote, Members Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Member Skiles abstained. Motion #9 carried.

- B. **NASBA Annual Meeting Report, Nashville TN, October 24-26, 2011.** Board members gained valuable information at the NASBA Annual Meeting, especially items important to Nebraska CPAs. Two items were discussed for further follow up.
- 1. Financial Accounting Foundation (FAF)/ Request for Comment.** Chair Skiles referred to the information provided within the Board packet and the recent pronouncement from NASBA leadership in support of the initial proposal from the FAF to create an advisory panel of the FASB to create requirements for private companies. Further discussion indicated some Board members are in favor of the advisory panel and not to create a separate board at this time. Moved by King Wu, seconded by Zacharia, to submit a letter of support for the Financial Accounting Foundation. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #10 carried.
- 2. Public Company Accounting Oversight Board (PCAOB) Chair presentation & Comment.** ED Sweetwood indicated comments made at the NASBA Annual meeting by current PCAOB Chair James Doty could be considered controversial including auditor rotation, signing of audit reports by individual CPAs, and additional required communication from auditors to management. Mr. Doty indicated after nine years of PCAOB inspections they are prepared to offer changes to the public audit process. Public comment is welcome to any proposed changes.
- C. **Review Board Calendar.** No changes were made to the Board calendar at this time.
- D. **Report on To Do List.** There was no report at this time.

**5. Report of Enforcement of Professional Conduct Committee**

- A. **Open Case/LMCO Update: Public Hearing regarding Regan Else at 9:00 am.**

DECISION AND ORDER

The Board finds that the Respondent did violate the provisions of the Public Accountancy Act, and further violated the Board's Rules and Regulations as set forth in the Findings of Fact and Conclusions of Law set forth above. The Board finds that the Respondent should be assessed a civil penalty of \$2,500.00, be required to speak on a unreimbursed ethics educational lesson on his violation to college accounting students and/or practicing permit holders in the State of Nebraska, be placed on probation for three years and have his practice limited as set forth herein.

WHEREFORE, IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that the Respondent shall be placed on probation subject to the Board's Rules and Regulations and subject to the Public Accountancy Act until the successful completion of Respondent's probation as set forth below.

The terms and conditions of probation shall be as follows:

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
**November 17, 2011**

- a. The Respondent shall be placed on probation for three (3) years from the date of this Order.
- b. The Respondent shall pay an assessed civil penalty of \$ 2,500.00 within 60 days of the date of this Order.
- c. The Respondent shall not engage in or perform attest services of any nature from the date commencing one week from the date of this order until after April 30, 2013.
- d. The Respondent shall within 18 months of this order speak for five (5) one hour ethics continuing professional education sessions, approved in advance by the Board, on his violation and ethical issues related thereto to college accounting students and/or practicing permit holders in the State of Nebraska, which sessions shall be unreimbursed and uncompensated and shall not count toward Respondent's continuing professional education requirements.
- e. The Respondent shall comply in all respects with all provisions of the Nebraska accountancy laws and all Rules and Regulations of the Board.
- f. The Respondent shall timely respond to all inquiries from the Board or the Board's representatives and shall timely file all required applications and documents with the Board.

WHEREFORE, IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Respondent is placed on probation for his conduct as set forth in this Decision and Order. The Respondent shall retain his Nebraska CPA certificate and his active permit. In the event the Respondent violates the terms and conditions of the probation, the Board shall be entitled to pursue such other remedies as Nebraska law and the Board's rules and regulations allow. The Board shall have the right in such event to take such further action against Respondent as the Board in its discretion deems appropriate.

IT IS SO ORDERED.

DATED this 17<sup>th</sup> day of November, 2011.

STATE BOARD OF PUBLIC  
ACCOUNTANCY OF THE STATE OF  
NEBRASKA, Complainant,

BY: \_\_\_\_\_

Douglas Skiles, Chair

Moved by Rieker, seconded by Gutschewski, to approve the Decision and Order for Regan Else. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #4 carried.

Committee Chair Zacharia reviewed the open cases.

- B. Recommended Closure of Enforcement Cases.** No cases were closed at this time.

## **6. Report of Continuing Professional Education (CPE) Committee**

- A. Report of the Committee.** Committee Chair Zacharia gave the report. The Committee reviewed a total of 129 courses from September 16, 2011 to November 17, 2011 with 127 approved and 2 denied. The Committee forwarded two reinstatements to the Licensing Committee for approval. One firm's instructor hours for in-house presentations were reviewed by staff for the Committee. The Committee approved of the firms process. The Committee reviewed the Kansas Board concern that out of state CPAs must report their CPE to Nebraska. Staff will continue to research mobility and CPE requirements in other jurisdictions and report back to the Committee. Motion out of Committee to recommend Board approval of medical waiver #W001 for CPE. On a

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
**November 17, 2011**

roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #15 carried.

- B. Ratification/Denial of Staff Program Qualification Evaluations.** Motion out of Committee to recommend Board approval of courses #373-484 and to deny 2 courses from September 16, 2011 to November 15, 2011. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #11 carried. Motion out of Committee to recommend Board approval of courses #485-503 from November 15, 2011 to November 17, 2011. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #12 carried.
- C. Ratification of CPE Sponsor.** Motion out of Committee to recommend Board approval of the following CPE Sponsors: CPA Magazine, CPETHink.com, and HRD Initiatives. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #13 carried.
- D. Report on To Do list.** The To Dos are listed in the Committee Report.

**7. Report of Education & Exam (E&E) Committee**

- A. Report of the Committee.** Committee Chair King Wu gave the report. Pat Hartman, CPA Exam Services (CPAES) Director, was on the Committee call and explained an exam score change discovered in the third window. CPAES provided a very complete exam score reporting profile specific to Nebraska. On exam performance for 2010, Nebraska has fallen from #3 to #13. The U.S. Uniform CPA Exam is now offered at a site in Brazil. The Education Advisory Committee (EAC) met October 21, 2011, at Mammel Hall, UNO campus, with approximately 50 students and educators present. Issues discussed by the Committee included: acceptance of two- year institution credit hours after a baccalaureate degree and the acceptance of “life experience” for college credit. Motion out of Committee to recommend Board approval of Aaron Knape, Accounting Instructor, as Peru State College EAC representative. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #16 carried.
- B. Approval of CPA Exam Scores.** Motion out of Committee to recommend Board approval of Exam scores for the July- August, 2011 window. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #15 carried.
- C. Report on To Do List.** There was no report at this time.

**8. Report of the Legislative Committee**

- A. Report on Legislation.** Chair Skiles reported the Experience Work Group (EWG) met for the third time, September 30, 2011 with an informative discussion by the members. Minutes of the meeting were provided to the Board. A smaller group was formed to draft language for the proposed experience changes. The sub-committee met and has

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
November 17, 2011

reviewed a draft of the proposed legislation. The committee expects to have a full Board discussion for the March or May meeting.

- B. Report on To Do List.** There was no report at this time.

**9. Report of Quality Enhancement Program (QEP) Committee**

- A. Report of the Committee.** Committee Chair Wassinger gave the QEP Committee report. The Committee discussed one CPA firm receiving “failed reports” from the AICPA Peer Review program. The Committee reviewed information to determine what course of action is needed. ED Sweetwood and staff Kelly Ebert met with two firm CPAs and suggested a course of action agreeable to the firm’s CPAs. The QEP Committee agreed to allow the firms to submit to Pre-Issuance Reviews to the Committee until further notice. Suggestion was made to consider adding the question to the firm renewal application: In the previous three years, has your firm had a peer review denied?
- B. Report on To Do List.** There was no report at this time.

**10. Report of the Licensing Committee**

- A. Report of the Committee.** Chair Obrist gave the report. Committee staff has begun the process of revoking non-renewed inactive registrants with results of the initial letter provided to the Committee. The revocation of certificate process will be started for the listing of 9 non-renewed active permit holders since 2008. The Committee reviewed the reciprocal certificate applications of two individuals, who have been CPAs in another state with 8 years, but have no individual CPA to complete the public accounting experience form. Motion out of Committee to recommend Board acceptance of Demar Alley and Michael Morgan documentation of public accounting experience for permit issuance. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, and Druse voted aye. Member Zacharia was absent. Motion # 17 carried. The Committee reviewed the subscription to PACER as recommended by staff which is working well. The Committee discussed the Hong Kong Mutual Recognition Agreement which was announced at the NABSA Annual Meeting. Motion out of Committee to recommend Board ratification of the Hong Kong Mutual Recognition Agreement. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion # 18 carried.
- B. Ratification of initial permits to practice, initial firm permits, and certificates issued between September 21, 2011 and November 17, 2011.** Motion out of Committee to recommend Board approval of initial permits to practice, initial firm permits, and certificates issued between September 21, 2011 and November 17, 2011. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #19 carried.
- C. Reinstatements to Active Permits, Inactive Retired Affidavits, Surrendered Certificates.** Motion out of Committee to approve the Reinstatements, Inactive

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY  
140 N. 8<sup>th</sup> Street, Suite 290, Lincoln, Nebraska

Minutes  
**November 17, 2011**

Retired Affidavits, and Surrendered Certificates received between September 21, 2011 and November 17, 2011.

Reinstatements:                    Matt Cederburg                    Minden NE  
   Ken Rouch                            Lincoln NE

Inactive - Retired affidavits: None were submitted.

Surrendered Certificates: None were submitted.

On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #20 carried.

- D. Public Hearing regarding Kevin Wiederin at 2:00 pm.** See agenda item 1.B.
- E. Report on To Do List.** There was no report at this time.

**11. Report of Executive Director**

- A. Report from NASBA Annual Meeting.** ED Sweetwood referred to his report from the NASBA Annual Meeting summarizing various items discussed.
- B. Report from Nebraska Society CPAs Annual Meeting** Staff members Lowe and Ebert reported on their attendance at the meeting and manning the Board booth to provide information to attending CPAs.
- C. Budget Update.** There was no budget update at this time.
- D. Staffing & General Office Issues.** A new computer and monitor was purchased for Staff, which replaced outdated systems with the goal of proper rotation of computer equipment.
- E. Report on To Do List.** There was no report at this time.

**12. New Business**

- A. NASBA Items:**
  - A. NASBA Items:** No items were discussed at this time.
  - NASBA FYI articles.** Articles of interest were provided to the Board.
- B. Other Miscellaneous Items:** Articles of interest were provided to the Board.

**13. Adjournment**

Moved by Obrist, seconded by Zacharia, to adjourn the meeting at 4:30 pm on November 17, 2011. On a roll call vote, Members Skiles, Wassinger, Rieker, Obrist, King Wu, Gutschewski, Zacharia, and Druse voted aye. Motion #21 carried.

Respectfully submitted by,

James K. Rieker  
Board Secretary